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FOR IMMEDIATE RELEASE

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## **Terry Goddard Announces Settlement with Dell to Refund Consumers**

(Phoenix, Ariz. – Jan. 12, 2008) Arizona Attorney General Terry Goddard today announced a consumer fraud settlement with Texas-based Dell, Inc., and its subsidiary Dell Financial Services, LLC, (Dell) under which the company will provide restitution to customers who experienced problems with the company's financing promotions, rebate offers, technical support and repair policies.

According to the agreement between Dell and 34 state Attorneys General, the company agreed to pay \$1.5 million in restitution to eligible consumers who file claims postmarked by April 13, 2009. Dell will also pay \$1.85 million to the states for reimbursement of legal costs and other expenses. Arizona's share of this reimbursement will be \$70,000.

"Arizona customers deserve to be treated fairly at all steps of their purchases – from the time they receive an advertisement all the way through their interactions with customer service," Goddard said. "Today's agreement with Dell should prevent future communication breakdowns between the company and consumers and ensure that those who are owed money are paid promptly."

Arizona and the other states began investigating Dell's sales practices after customers complained about an array of issues. Some applied for zero-percent financing then were charged higher interest rates. Others had trouble obtaining warranty service on their Dell computers. Many said they never received promised rebates.

One consumer said she made a purchase with zero-percent financing for 18 months and made her payments on time, but the last payment was applied late. The customer was then billed \$668 interest for the entire financing period.

According to the settlement filed today in Maricopa County Superior Court, Dell agreed to:

### **Financing and Credit Offers**

- Disclose in advertisements for credit offers that the majority of consumers who apply won't qualify for the best annual percentage rate (APR) and disclose the range of initial APRs that consumers who are not considered the "most qualified borrowers" are likely to receive.

- Inform consumers considering applying for promotional financing that the application is for a revolving open credit account, that minimum monthly payments are required and that approval of the account does not guarantee that the consumer will also qualify for conditional financing promotions (such as zero-percent interest for 90 days).
- Explain how finance charges are calculated, disclose any penalties and inform the consumer whether subsequent purchases made using the credit account will be subject to the same or different financing terms.
- At the time of credit acceptance, disclose whether the applicant has qualified for any conditional financing promotion.

### **Warranties and Services**

- Fulfill its warranty obligations within 30 days from the date of notification or receipt of a defective product.
- Disclose whether phone-based troubleshooting or remote diagnosis is required before Dell will provide on-site repair or warranty-related service.

### **Rebates**

- If a rebate is available, provide the necessary rebate documentation at the time product is delivered or the service is provided
- Mail rebates within the specified timeframe or within 30 days if no date is specified.

### **CONSUMER REFUND REQUESTS**

It is not yet known how many consumers in Arizona or nationwide may be entitled to refunds under the settlement. Consumers may be eligible for restitution if they have a valid complaint concerning a product purchased between April 1, 2005, and April 13, 2009, and is addressed by the agreement and Dell owes them money. Consumers must submit their claims no later than April 13, 2009.

Arizona residents who believe they are eligible for a refund should make a request by downloading a claim form at <http://www.azag.gov>. To request a claim form by mail, consumers should call the Attorney General's Office in Phoenix at 602-542-5763, in Tucson at 520-628-6504 and toll-free outside the Phoenix and Tucson metro areas at 800-352-8431.

Consumers who filed complaints about Dell with the Arizona Attorney General's Office between April 1, 2005 and the present time will be automatically mailed claim forms if it appears they may be eligible for restitution. If you believe you are eligible and do not receive a claim form within two weeks of today's date, download one from our website or contact the Arizona Attorney General's Office for a claim form.

The amount of money refunded to individual consumers will be determined by the number of eligible recipients and the total amount claimed.

Assistant Attorney General Carolyn Matthews handled this case. The following states participated in the settlement: Arizona, Arkansas, California, Connecticut, Delaware, Florida, Illinois, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Carolina, Ohio, Oklahoma, Oregon,

Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Vermont  
Washington, West Virginia, and Wisconsin.

The claim form and claim FAQ are available at <http://www.azag.gov/consumer/cases/Dell/>. For additional information, contact Anne Hilby at (602) 542-8019.

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